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**NAVAL WAR COLLEGE  
Newport, R.I.**

**CORRUPTION IN MYANMAR – HOLDING A COUNTRY AND ITS PEOPLE  
FROM ECONOMIC PROSPERITY**

**by**

**Annie Crum**

**GS-15/USSOCOM**

**A paper submitted to the Faculty of the Naval War College in partial satisfaction of the requirements of the Department of Joint Military Operations.**

**The contents of this paper reflect my own personal views and are not necessarily endorsed by the Naval War College or the Department of the Navy.**

**Signature: \_\_\_\_\_**

**30 October 2014**

## **CONTENTS**

SECTION 1: INTRODUCTION	Page 1
SECTION 2: CORRUPTION – A HISTORICAL BACKGROUND	Page 2
SECTION 3: IMPLICATIONS FOR ITS PEOPLE AND ECONOMY	Page 4
SECTION 4: CHANGE IN GOVERNMENT AND ATTEMPTS AT REFORM	Page 8
SECTION 5: INTERNATIONAL COMMUNITY ROLE AND INTEREST	Page 10
SECTION 6: ACTIONS AND ADDITIONAL REFORMS NEEDED	Page 14
SECTION 7: CONCLUSION	Page 16
BIBLIOGRAPHY	Page 18

## **Paper Abstract**

### *Corruption in Myanmar – Holding a Country and its People from Economic Prosperity*

In Myanmar, five decades of military rule created a culture where corruption is rampant and accepted as a way of life, significantly impacting and limiting its opportunities for growth.

As Myanmar enters a new era of civilian rule, change is in the air and efforts to transition to a democratic government and rule of law are beginning to take place in an attempt to reform and curb corruption. This paper will look at four aspects related to corruption in Myanmar.

First, it provides a historical context as to the levels and impacts corruption has had on the country's citizens and economy. Second, it analyzes anti-corruption reforms the new government has undertaken and how they are being perceived. Third, it highlights actions taken by the international community in response to the effects of corruption and Myanmar's ability to attract foreign investors now that reform efforts are underway. Finally, it provides recommendations as to how the government can implement lasting reforms, which will show its citizens and the international community it is serious about combating corruption and improving the country's economy.

## SECTION 1: INTRODUCTION

Corruption has been a systemic problem in Myanmar for the last five decades while under military rule and the impacts have been felt most by its citizens as the economy has stagnated and a significant portion live in poverty. Results of surveys conducted by the lead corruption watchdog organization, Transparency International, shows on average over the last five years, Myanmar has ranked 173<sup>rd</sup> out of 179 countries on their Corruptions Perception Index; supporting the public perception that corruption has run rampant in Myanmar.<sup>1</sup> The underlying causes for why corruption has been able to flourish over the last fifty years can be traced back to a culture where bribery is commonplace, the legal system expected to investigate and prosecute cases is inadequate and corrupt, and primarily because there has been an overall lack of willingness by Myanmar's government to take actions to combat corruption.<sup>2</sup>

While citizens have tried multiple times throughout Myanmar's history to voice displeasure with the government's lack of action, it wasn't until Western nations implemented significant economic sanctions, impacting Myanmar's already degraded economy that government leadership took notice and started to look at implementing reforms.<sup>3</sup> Change is in the air and efforts to transition the government towards a democratic structure and rule of law are beginning to take place in an attempt to reform and curb corruption. If successful, the new government can move the country and its people towards a better economic and social standing and garner legitimacy within the international community. However, this transition has not been without criticism and reforms are taking

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<sup>1</sup> Transparency International, Corruption Perceptions Index, accessed October 11, 2014, <http://www.transparency.org/research/cpi/overview>.

<sup>2</sup> Anu Naing Ko Ko, "Burma Must Declare War Against Corruption," *East Asia Forum*, August 13, 2013, <http://www.eastasiaforum.org/2013/08/13/burma-must-declare-war-against-corruption/>.

<sup>3</sup> Sydney Bergen, "Development, Democratization, Good Governance and Security: A Case Study of Burma/Myanmar." *Beyond Intractability*, December 2012, <http://www.beyondintractability.org/casestudy/bergen-burma>.

too long which leaves the government of Myanmar facing a challenging road ahead to gain support from its people and improve its reputation within the international and Association of Southeast Asian Nations (ASEAN) community. Serious efforts need to be taken and lasting reforms need to be implemented by the government of Myanmar to address the prevalent levels of corruption existing today, otherwise Myanmar's prospects of economic growth and legitimacy within the international community will remain limited.

## **SECTION 2: CORRUPTION – A HISTORICAL BACKGROUND**

All levels of Myanmar's government to include police, military, and country officials have been riddled with corruption which was seen as a way of life for much of the country's history since gaining independence from Britain in 1948.<sup>4</sup> Between 1948 and 1962, the citizens of Myanmar were feeling the impacts of corruption first hand as they were extremely oppressed and the economy declined, causing the country's first attempt at democracy to fail.<sup>5</sup> In 1962, a military coup occurred and the Socialist Programme Party (SPP) seized control; implementing even more tyrannical restrictions to include strict media censorship laws and freedom to information by banning independent newspapers thereby repressing efforts towards democracy even further.<sup>6</sup>

The SPP continued to rule until 1988 when citizens started to finally find a voice and engaged in protests demanding government reforms. The military conducted another coup and reigned as a new military-based government under the moniker of the State Law and Order Restoration Council (SLORC). Authoritarian rule continued under the SLORC as martial law was declared, thousands of people staging protests were arrested and killed, and

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<sup>4</sup> Sydney Bergen, "Development, Democratization, Good Governance and Security."

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

results of the 1990 election were ignored even though the National League for Democracy's (NLD) revered leader, Aung San Suu Kyi, had been declared the winner.<sup>7</sup> Realizing the national demand for reforms from the elections of 1990, the SLORC continued to rule under the name of the State Peace and Development Council (SPDC) and showed a brief effort to change in 2003 when they proposed a "Seven-Point Roadmap to Democracy." This roadmap was supposed to begin addressing citizens' concerns and move the country towards a real democracy but was quickly criticized as it became evident it was not a bottom-up process where the people had a voice or had equal weight in the decision making process as the distribution of powers remained with the corrupt government elite.<sup>8</sup> The SPDC continued to remain in power until November 2010 when free elections were held and a presidency was established; creating the first real opportunity to move towards becoming the democracy they had failed to achieve decades before and one that is desperately desired by the citizens of Myanmar.

The elections that took place in 2010 brought nearly five decades of military rule to an end and the prospect of a new democracy, run by a cleaned up government which would put the country on a path towards economic growth and prosperity, was born. The newly elected President, Thein Sein, ushered in a new era of reform and made curbing corruption and cleaning up the government a top priority. But his actions to date have not come without criticism. In the early stages of his presidency, there was much rhetoric and emphasis placed on fighting corruption and moving Myanmar towards a legitimate democracy where its people have a voice and opportunities for economic growth abound, but many are skeptical as to how much change the new administration has really accomplished in repairing the

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<sup>7</sup> Sydney Bergen, "Development, Democratization, Good Governance and Security."

<sup>8</sup> Ibid.

country's tainted reputation and economic status. A primary concern is seeing how the same military leaders who were in power under the military junta's rule are still the primary decision makers in this new government.

In Myanmar, the problem of curbing corruption is two-fold: (1) the government has been slow in taking and implementing significant steps to combat corruption and show citizens it is taking the problem seriously; and (2) the international communities' response to seeing or experiencing the effects of corruption has also played a role in the economic situation Myanmar finds itself in today. If Myanmar ever hopes to become a truly democratized society with a burgeoning economy, the government of Myanmar needs to address these two areas and show a real desire to move the country forward before it will be recognized as a true player in the international community.

### **SECTION 3: IMPLICATIONS FOR ITS PEOPLE AND ECONOMY**

Actually tracking the forms and extent of corruption has been extremely difficult outside of Myanmar's borders, primarily because financial and accounting records are not readily available or released to the public but reports that can be obtained show widespread levels of bureaucratic, cronyism, and political corruption.<sup>9</sup> Myanmar's corrupt practices have been the hardest felt by its people and economy, as it has quickly become "the poorest country in Southeast Asia and ranks very low in most indicators of economic and social performance, despite its ample energy resources."<sup>10</sup> The World Bank reports that in "FY2013/14, the country's Gross Domestic Product (GDP) is estimated at \$56.8 billion and

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<sup>9</sup> Marie Chene, "Overview of Corruption in Burma (Myanmar)," updated by Maira Martini, U4 Anti-Corruption Resource Center, Transparency International, March 23, 2009, last updated October 1, 2012: 2, [http://www.transparency.org/files/content/corruptionqas/349\\_Overview\\_of\\_corruption\\_in\\_Burma.pdf](http://www.transparency.org/files/content/corruptionqas/349_Overview_of_corruption_in_Burma.pdf).

<sup>10</sup> Sean Turnell, "Myanmar's Fifty-Year Authoritarian Trap," *Journal of International Affairs* 65, no. 1: 83. Military & Government Collection, EBSCOhost, accessed October 6, 2014.



based on the preliminary population figure of 51.4 million calculated from the national census conducted in March/April 2014, the country's per capita GDP is around \$1,105, one of the lowest in East Asia and the Pacific.”<sup>11</sup> The World Bank estimates the number of citizens living in poverty could be as high as 37.5 percent.<sup>12</sup> The problem citizens in Myanmar run into are the lack of financial growth and business opportunities, access to and improved socioeconomic programs and support, a corrupt and inadequate judicial system, and an overall culture where the government elite have catered to the betterment of themselves rather than their own citizens.

Reform efforts are underway and are highlighted in Section 4, but corruption within the country and the government continues and those experiencing the detrimental effects the most are the citizens of Myanmar. Local businesses continue to struggle to remain operating and opportunities to expand are limited due to continued corrupt practices within the bureaucratic business and government elite. Corruption has become a significant obstacle for local and international business ventures, as bribery is expected if a business plans to operate within the country.<sup>13</sup> The United Nations conducted a survey in May 2014 and “sixty percent of the firms surveyed said they had to pay bribes for registration, licenses, or permits. About half the firms said they paid \$500 in extra fees while about a dozen said extra fees exceeded \$10,000.”<sup>14</sup> This culture of corruption, ingrained under the government's military rule, is the primary reason why the country's economic potential has been slow to develop.<sup>15</sup>

Favoritism has also played a role and has contributed to limiting opportunities for

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<sup>11</sup> World Bank, Myanmar Overview, last updated October 2014, <http://www.worldbank.org/en/country/Myanmar/overview>.

<sup>12</sup> Ibid.

<sup>13</sup> Marie Chene, “Overview of Corruption in Burma (Myanmar),” 8.

<sup>14</sup> Jared Ferrie, “Corruption the Biggest Concern for Myanmar Businesses: Survey,” ed. Nick Macfie, Reuters, May 6, 2014, <http://www.reuters.com/article/2014/05/06/us-myanmar-corruption-idUSBREA450DS20140506>.

<sup>15</sup> Robert Winslow, “Myanmar (Burma),” *Crime and Society: A Comparative Criminology Tour of the World*, San Diego State University, accessed August 29, 2014, [http://www-rohan.sdsu.edu/faculty/rwinslow/asia\\_pacific/myanmar.html](http://www-rohan.sdsu.edu/faculty/rwinslow/asia_pacific/myanmar.html).

growth as current or former military members, their families, government officials, and their associates who had direct ties to those conducting corrupt practices have purchased local state assets and businesses at bargain prices, leaving local citizens no option but to have to pay heavy bribes or land use fees in order to make a living.<sup>16</sup> There are no opportunities or options provided to locals to better themselves or open businesses because all land is owned by the government and if they are fortunate to operate a business, they traditionally have to pay bribes in order to stay in business.<sup>17</sup> Land has also been seized in order to make way for infrastructure and industrial projects entered into by the government or businesses owned and operated by former military members, with little compensation provided by the government to those displaced; leaving them with no alternative means of making a living.<sup>18</sup> Also, for most individuals who want to get into public sector jobs, it has not been how qualified you are but more about who you could pay off and this has extensively been seen even in Myanmar's current government where many of the highest positions have gone to those who were part of the former military regime rather than those who had the most experience or qualifications.<sup>19</sup>

Given the few options citizens have to make a living through operating businesses or working in the public sector, some have fallen victim to corruption traps as well and have resorted to bribery and other corrupt practices because it is the only way they know how to make a living.<sup>20</sup> Corruption in the judicial system has only exacerbated their struggles and tested their moral character as it has become customary to pay bribes in order for personal

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<sup>16</sup> Marie Chene, "Overview of Corruption in Burma (Myanmar)," 3.

<sup>17</sup> Ibid.

<sup>18</sup> Sophie Song, "China and Myanmar Activists Joust Over Controversial Shwe Oil And Natural Gas Pipeline," International Business Times, August 6, 2013, <http://www.ibtimes.com/china-myanmar-activists-joust-over-controversial-shwe-oil-natural-gas-pipeline-1373579>.

<sup>19</sup> Marie Chene, "Overview of Corruption in Burma (Myanmar)," 3.

<sup>20</sup> Aung Shwe, "Politicians, Activists Criticise Thein Sein's Address on Corruption," Democratic Voice of Burma, August 22, 2014, <https://www.dvb.no/news/politicians-activists-criticise-thein-seins-address-on-corruption-burma-myanmar/43453>.

legal issues to be resolved or dismissed altogether. For those that have tried to fight and report acts of corruption, they have lost faith in the very judicial system expected to prosecute cases and hold people accountable, as it is one of the most corrupt institutions within the Myanmar government.

Thein Sein publically declared the new government would prosecute those found to be involved in corruption in his very first Presidential speech, leaving citizens to believe serious action would be taken to clean up the country's corruption problems.<sup>21</sup> Since President Sein's declaration, made over three years ago, over 10,000 complaints of alleged corruption have been received but very few actions have been taken to actually investigate and prosecute the allegations, leaving people to believe it was just rhetoric to build legitimacy with the international community.<sup>22</sup> For the few that have been tried and found guilty, only handfuls have actually been sentenced to prison, others have been allowed to retire and pay almost no restitution, and even more have been allowed to remain employed within other areas of the government. Judges are even immune to being prosecuted as it is written into Myanmar's 2008 constitution.<sup>23</sup> So why have conditions not improved since electing and moving towards a new democratic government almost four years ago? The answer is found in the new government's lack of significant progress in implementing lasting reforms to fight corruption to ensure its citizens it is taking the issue seriously.

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<sup>21</sup> Eleven Myanmar, "Corruption and Bribery Still Endemic in Myanmar's Judicial Sector," December 20, 2013, [http://www.elevenmyanmar.com/index.php?option=com\\_content&view=article&id=4499:corruption-and-bribery-still-endemic-in-myanmar-s-judicial-sector&catid=44&Itemid=384](http://www.elevenmyanmar.com/index.php?option=com_content&view=article&id=4499:corruption-and-bribery-still-endemic-in-myanmar-s-judicial-sector&catid=44&Itemid=384).

<sup>22</sup> Thomas Fuller, "Myanmar's Opening Up Hasn't Loosened Graft in Courts," *The New York Times*, October 24, 2014, [http://www.nytimes.com/2014/10/25/world/asia/myanmars-opening-up-hasnt-loosened-graft-in-courts.html?\\_r=0](http://www.nytimes.com/2014/10/25/world/asia/myanmars-opening-up-hasnt-loosened-graft-in-courts.html?_r=0).

<sup>23</sup> Eleven Myanmar, "Corruption and Bribery."

## SECTION 4: CHANGE IN GOVERNMENT RULE & ATTEMPTS AT REFORM

On the onset of President Sein's presidency, he announced a focus on eliminating corruption, forming an anti-corruption committee to review and provide recommendations on how to fix the problem.<sup>24</sup> However, the committee showed no attempt to be unbiased as its fifteen-member panel consisted primarily of former military leadership, some of the very ones that had been directly involved in corruption or did nothing to deter it from happening. Also, the influence of the former military junta's hold on the government can still be seen today as exhibited in the country's Constitution, developed in 2008. The political system formed under the Constitution directs "25 percent of the seats in both houses are reserved for the military and filled through appointment by the commander in chief."<sup>25</sup> When it comes to nominating a new president, the military is given explicit rights under the new Constitution as they nominate one individual while the elected officials in each House nominate the other two candidates.<sup>26</sup> The constitution also provides wide latitude for re-instituting military rule if there is a perceived threat to Myanmar's stability.<sup>27</sup> The authorization of these powers shows little faith to the public that their leaders have their best interest at heart as many of those still in positions of power have come from the former military junta where corruption ran rampant.

While much criticism continues to be placed on the government's actions to date, there are areas where the new government is instituting change and is showing some good will to its people and the international community that true reforms are desired. Anti-

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<sup>24</sup> Zin Linn, "Is Burma's Anti-Corruption Commission Helpful?" Asian Tribune, February 26 2014, <http://www.asiantribune.com/node/72427>.

<sup>25</sup> Marie Chene, "Overview of Corruption in Burma (Myanmar)," 3.

<sup>26</sup> Ibid.

<sup>27</sup> Eric Randolph, "Bumps in the Road – Political Reform in Myanmar," *Jane's Intelligence Review*, June 5, 2013, <https://janes-ihs-com.usnwc.idm.oclc.org/CustomPages/Janes/DisplayPage.aspx?DocType=News&ItemId=+++1576442&Pubabbrev=JIR>.

corruption laws were passed in 2011 and 2013 but many portions and requirements included in the new laws have yet to be acted upon. The 2013 law included a requirement for all executive, judicial, and legislative officials to publically declare their financial earnings but many have yet to follow the requirement.<sup>28</sup> Reform efforts by President Sein and the new government also include freeing over one thousand imprisoned political dissidents, abolishing censorship laws, insisting state officials return embezzled funds, signing and ratifying the United Nations Convention against Corruption (UNCAC), and publically stating intentions to join the Extractive Industries Transparency Initiative (EITI) as first steps.<sup>29</sup> While hopes of real change came with the inception of a new, more willing democratic government to seek reforms, many citizens remain unconvinced the government's motives for political reforms are intended to establish a true democracy and are being implemented instead to address the economic turmoil the country faces today.<sup>30</sup>

The government under President Sein has attempted to make changes as articulated above, but the actions taken to date have only been gestures made at the executive level and have not proven effective for long term institutional progress and change. If the country of Myanmar is trying to move forward and show its citizens it intends to change the way business and progress is made, lasting changes need to be implemented into law so that regardless of political parties in charge, there is a legal backing and sustainment plan the citizens can leverage to hold the government accountable.

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<sup>28</sup> Nyien Nyien, "Burma's Parliament Approves Anti-Corruption Bill," *The Irrawaddy*, July 30, 2013, <http://www.irrawaddy.org/parliament/burmas-parliament-approves-anti-corruption-bill.html>.

<sup>29</sup> A TrustLaw Correspondent, "Myanmar Still Near Bottom of Corruption Rankings in 2012 Despite Reforms," Thomson Reuters Foundation, December 5, 2012, <http://www.trust.org/item/?map=myanmar-still-near-bottom-of-corruption-rankings-in-2012-despite-reforms/>.

<sup>30</sup> Sydney Bergen, "Development, Democratization, Good Governance and Security."

## SECTION 5: INTERNATIONAL COMMUNITY ROLE AND INTEREST

Historically, there is evidence the levels of corruption have impacted Myanmar's economy as it has deterred investment in the country by international businesses due to the fact dealing with corrupt officials is a common business practice.<sup>31</sup> The United States, European Union (EU), and other countries in response to human right violations and corrupt officials unwilling to take actions to reform, implemented economic and military sanctions as far back as the early 1990s, created a compounding effect on Myanmar's struggling economy.<sup>32</sup> The EU "banned investment and trade in Burmese gems, timber, and precious stones, with the United States tightened existing economic sanctions on the regime leaders, their families, and supporters, including asset freezing and travel restrictions against designated individuals responsible for human rights abuses and public corruption."<sup>33</sup> The United States also passed an amended Foreign Corrupt Practices Act (FCPA) in 1998, which prohibits United States citizens, companies, and any company that trades in United States markets from exchanging "anything of value to a foreign government official where the purpose is to obtain or retain business."<sup>34</sup> Myanmar has struggled to grow its economy in part because these sanctions have impacted job opportunities in critical industries that employ a large portion of Myanmar's citizens.

Part of the international frustration however is the lack of transparency and access to Myanmar's financial and economic data as there are no publically accessible financial management systems and the only ones who know the real financial status of the country are

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<sup>31</sup> Naing Ko Ko, "Burma Must Declare War."

<sup>32</sup> Sydney Bergen, "Development, Democratization, Good Governance and Security."

<sup>33</sup> Marie Chene, "Overview of Corruption in Burma (Myanmar)."

<sup>34</sup> Embassy of the United States, Rangoon, Burma, Foreign Corrupt Practices Act, accessed August 26, 2014, <http://burma.usembassy.gov/fcpa.html>.

select, high-ranking government officials.<sup>35</sup> If Myanmar expects to attract foreign businesses to invest in its goods and services, the government needs to be willing to report and provide access to its real and detailed financial and accounting records. This type of transparency is one way to garner legitimacy in the eyes of foreign businesses and investors. Current and ongoing reform efforts have not gone unnoticed by the international community either and many countries have taken action to resume aid and trade with Myanmar and suspend sanctions but their efforts are primarily two-fold: (1) Real investment and profit making opportunities exists in Myanmar's agriculture, oil and gas, and precious gems industries and; (2) Reduce China's investment and influence within the country.<sup>36</sup>

Myanmar's strategic geographic location makes it an attractive investment opportunity and if it can regain legitimacy within the international community, the country can be "well positioned to resume its traditional role as a regional trading hub and a key supplier of minerals, natural gas, and agricultural produce."<sup>37</sup> Given Myanmar's strategic location, untapped investment opportunities, and efforts to begin reform, many Western countries, including the United States, have lifted a majority of imposed economic sanctions in order to resume trade and exportation activities with Myanmar. The benefits gained from international investment could improve Myanmar's chances for significant change if handled correctly. If Myanmar can show it can manage these investments in a transparent, non-corrupt way, the military's continued influence in many government sectors and processes may relax and allow the new administration to run the country the way its people expect.<sup>38</sup>

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<sup>35</sup> Naing Ko Ko, "Burma Must Declare War."

<sup>36</sup> Eric Randolph, "Bumps in the Road."

<sup>37</sup> The World Bank, Myanmar Overview, last updated October 2014, <http://www.worldbank.org/en/country/Myanmar/overview>.

<sup>38</sup> Eric Randolph, "Bumps in the Road."

The impacts of economic sanctions implemented by the European Union and the United States allowed Myanmar to open its doors and provide opportunities for countries that favored its authoritarian rule, like China, to invest in its oil and gas, mineral, and agriculture industries.<sup>39</sup> “China’s trade and investment and its insatiable demand for energy reinforce Myanmar’s existing political structures and counteract demonstration effects from elsewhere in the region.”<sup>40</sup> The sanctions imposed by Western nations have provided China an opportunity to take advantage of Myanmar’s political and economic situation and move towards expanding its reach into the region.<sup>41</sup> For example, China invested in a new gas and oil pipeline connecting the two countries through the strategically located Bay of Bengal.<sup>42</sup> While it was advertised that the benefits of building and operating the pipeline would primarily go to Myanmar in terms of job development and revenue investment into improving things like education, health, and other social programs for the people of Myanmar, it has actually provided more benefit to China.<sup>43</sup> This is particularly concerning to “Western democracies, UN agencies, and to a limited extent, ASEAN as China provides a counterweight to other external actors trying to bring about change.”<sup>44</sup>

Recognizing the importance of Myanmar’s location in the Far East and its potentially strategic importance as part of the United States ‘rebalance to the Pacific’ efforts, there has been an ease to sanctions and more engagements by US officials as Myanmar has shown attempts to change corrupt practices. Former Secretary of State Hillary Clinton’s visit in 2011 “marked the most senior official to visit [Myanmar] in over 50 years and symbolized a

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<sup>39</sup> Sean Turnell, “Myanmar’s Fifty-Year Authoritarian Trap,” 85.

<sup>40</sup> Ibid., 88.

<sup>41</sup> Daniel Pepper, “Protests are Yielding to Lethargy in Myanmar,” *The New York Times*, October 5, 2008, [http://www.nytimes.com/2008/10/05/world/asia/05iht-myanmar.1.16693536.html?scp=9&sq=lethargy&st=cse&\\_r=2&](http://www.nytimes.com/2008/10/05/world/asia/05iht-myanmar.1.16693536.html?scp=9&sq=lethargy&st=cse&_r=2&).

<sup>42</sup> Sean Turnell, “Myanmar’s Fifty-Year Authoritarian Trap,” 85.

<sup>43</sup> Sophie Song, “China and Myanmar Activists Joust.”

<sup>44</sup> Sean Turnell, “Myanmar’s Fifty-Year Authoritarian Trap,” 88.



historical diplomatic advancement for relations” and President Barack Obama’s visit in 2012 marked the “first sitting President to visit to encourage the country’s political reforms.”<sup>45</sup>

The United States is using this newfound opportunity to re-build its relationship with Myanmar. For example, Myanmar participated for the first time as an observer in Cobra Gold, a joint training exercise between the United States and Thailand, in 2013.<sup>46</sup> These types of engagements need to continue to occur with the United States and other Western nations in the future because the benefits will continue to counteract China’s influence as already being evidenced today given “the supposed competition between China and India in Myanmar has lost its sharpness with attention moving to Myanmar’s improving relations with the West, particularly the US, and its implications for China and the region.”<sup>47</sup>

However, there is one drawback to pushing influence from China away and the United States needs to proceed cautiously as “there is concern that as cooperative exercises between [Myanmar] and the US grow, this may raise further Chinese fears of encirclement.”<sup>48</sup>

While Western nations have begun relaxing the sanctions imposed as a response to the levels of corruption and to force a mechanism for change, the government of Myanmar will need to continue efforts to be transparent in its diplomatic, economic, and military interests in order to show good will to those wanting to invest in and support Myanmar. There are many opportunities for legitimate economic gain both in Myanmar and within the international community, Myanmar just has to be willing to prove it has changed and the benefits are being delivered not only to investors, but to those that need it the most – its people.

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<sup>45</sup> Sydney Bergen, “Development, Democratization, Good Governance and Security.”

<sup>46</sup> K. Yhome, “Myanmar and the Geopolitics of the Bay of Bengal,” Observer Research Foundation, ORF Issue Brief, no. 68, January 2014: 3, [http://orfonline.org/cms/export/orfonline/modules/issuebrief/attachments/issuebrief68\\_1392022323312.pdf](http://orfonline.org/cms/export/orfonline/modules/issuebrief/attachments/issuebrief68_1392022323312.pdf).

<sup>47</sup> Ibid.

<sup>48</sup> Ibid.

## **SECTION 6: ACTIONS AND ADDITIONAL REFORMS NEEDED**

President Sein has taken steps in the right direction but significant work remains to be done and things will need to change if long lasting institutional reform is to stay. The new government has started down the correct path to reform, but little significant action has taken place to change the systemic culture of corruption that has plagued the country for the last fifty years. With a new election scheduled for 2015, President Sein's time is limited so little will likely be able to be accomplished until a new administration is elected. But this marks a new opportunity for Myanmar to take serious steps towards building a democracy that truly works for its people and moves them towards more economic stability and prosperity. There are at least three ways to build and improve upon Myanmar's road to a clean government, and in some instances the United States can help facilitate that change.

First, the problem with President Sein's attempt at creating a committee to review and develop anti-corruption measures is that it was biased from the very beginning. A new permanent and independent commission needs to be formed to watch, report on, and refer cases to the judicial system for prosecution when warranted.<sup>49</sup> Myanmar can look towards other countries in the region as examples of how to successfully implement anti-corruption reforms and instill a culture of change. For example, in Malaysia, the government formed the Malaysian Anti-Corruption Commission (MACC), an independent watch group and developed a system of checks and balances in an effort "towards convincing the public of the MACC's independency, transparency and professionalism."<sup>50</sup> This checks and balances system is vital to ensuring the legitimacy of the organization and provides the trust and

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<sup>49</sup> Naing Ko Ko, "Burma Must Declare War."

<sup>50</sup> Official Portal of the Malaysian Anti-Corruption Commission, accessed October 4, 2014, <http://www.sprm.gov.my/about-macc.html?&lang=en>.

confidence the people of Malaysia have come to expect. They also balance the representation on the committee between well-respected government officials as well as public servants and private citizens.<sup>51</sup> Instituting an independent and permanent anti-corruption committee with a checks and balances system would show its citizens the Myanmar government is serious about owning the problem and wanting to ensure success of reform initiatives.

Second, Myanmar needs to be more transparent and allow not only its citizens, but also the international community, access to its budget, accounting, and business licensing records. The government started to provide more visibility into the budgeting process this past year by having open and honest debate on its 2013 budget and even provided public access to the minutes of the hearings and discussions.<sup>52</sup> Even though the government is starting to make some efforts to be more transparent, much work remains. There is currently no mechanism the public can use to force the government to disclose accounting and budget records so an effort needs to be made to pass some type of Freedom of Information Act, which will allow the public to gain access to financial and economic data.<sup>53</sup> It is also imperative that in order to show the public and international investors the government is honest in reporting this data, an independent audit of the government's financial records needs to be conducted.<sup>54</sup> This will show the government is serious in being more transparent and open, ensuring the public and international community their investments are being spent wisely, and it is to their benefit vice only the government and military elite.

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<sup>51</sup> Official Portal of the Malaysian Anti-Corruption Commission, accessed October 4, 2014, <http://www.sprm.gov.my/about-macc.html?&lang=en>.

<sup>52</sup> World Trade Organization, "Trade Policy Review Statement on Myanmar," January 21, 2014: 7, [http://www.wto.org/english/tratop\\_e/tpr\\_e/g293\\_e.pdf](http://www.wto.org/english/tratop_e/tpr_e/g293_e.pdf).

<sup>53</sup> Marie Chene, "Overview of Corruption in Burma (Myanmar)," 6.

<sup>54</sup> Ibid.

Third, some type of whistleblower protection needs to be implemented that would make citizens feel comfortable knowing when corruption is reported, their government will do something about it.<sup>55</sup> The United States could help show Myanmar how to set up a system that would encourage citizens to speak up and report incidences of corruption. Using the United States' Dodd-Frank system as an example, Myanmar could incentivize its citizens to report incidents of corruption and be protected and rewarded for their efforts.<sup>56</sup> The citizens of Myanmar cannot rely solely on the government to clean up their country; they also need to be part of the solution. While the government has not historically supported efforts by citizens to report acts of corruption, they issued a public statement November 30, 2012 that stated, "Public participation is essential in eliminating bribery and corruption in ensuring good governance and clean government."<sup>57</sup> It's imperative that the country does this in a united effort; the government needs to lead by example but the burden to combat corruption needs to be shared if the country wants to move forward and instill lasting reform.

## **SECTION 7: CONCLUSION**

Myanmar's storied past should not cloud its future potential. The new government is taking steps at instituting a real democracy, one where its people and government can prosper, but it has a long road ahead if it wants to show its citizens a desire to change and establish legitimacy in the eyes of the international community. Myanmar's new government offers opportunities for real reform but actions speak louder than words. Even though the preponderance of the responsibility to take action lies within Myanmar's borders, the

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<sup>55</sup> Mark Vlasic and Peter Atlee, "Myanmar and the Dodd-Frank Whistleblower 'Bounty': The U.S. Foreign Corrupt Practices Act and Curbing Grand Corruption Through Innovative Action." *American University International Law Review* 29 no. 2 (2014): 444, accessed October 6, 2014.

<sup>56</sup> *Ibid.*

<sup>57</sup> Zin Linn, "Is Burma's Anti-Corruption Commission Helpful?"

international community can help shape and assist in ways that will provide the country with options for success and provide its people with a pathway to better their future.<sup>58</sup>

If Myanmar can show real progress towards combating corruption, the international community will be more willing to invest in the oil and gas, agriculture, and mining opportunities the country has to offer, but Myanmar also has a responsibility to show the revenues generated from these areas are being re-invested in its people. Myanmar has a tremendous opportunity to change the way of life for its people and reinvigorate its economy by combatting corruption but needs to ask for assistance from those countries and institutions that have been successful in reducing corruption and its effects and show a desire to improve by changing the way it does business.<sup>59</sup> As Secretary of State, John Kerry, recently articulated at the East-West Center in Hawaii this past August, there are numerous opportunities for the United States to engage and help Myanmar pursue reforms but their government is just now starting to address the hardest challenges of reforming its political, military, and economic systems at the same it is “trying to attract more investment, combating corruption, [and] protecting the country’s forest and other resources.”<sup>60</sup> These efforts will no doubt test the government and people of Myanmar but it is ultimately the country’s responsibility to make the difficult choices if it wants to change its destiny and be seen as a formidable player in the Far East.<sup>61</sup>

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<sup>58</sup> Christopher Roberts, "Myanmar and the Argument for Engagement: A Clash of Contending Moralities?" *East Asia: An International Quarterly* 23, no. 2 (June 2006): 53, *Military & Government Collection*, EBSCOhost, accessed October 6, 2014.

<sup>59</sup> The World Bank, Myanmar Overview, last updated October 2014, <http://www.worldbank.org/en/country/Myanmar/overview>.

<sup>60</sup> John Kerry, "U.S Vision for Asia-Pacific Engagement." Remarks, East-West Center, Honolulu, Hawaii, August 13, 2014, <http://www.state.gov/secretary/remarks/2014/08/230597.htm>.

<sup>61</sup> Ibid.

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